

SENATE BUDGET COMMITTEE
DEMOCRATIC CAUCUS
KENT CONRAD, RANKING MEMBER

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Senator Conrad Joins Farmers in Calling for Meaningful Estate Tax Reform

**Lawmaker Calls GOP Estate Tax Repeal Plan a “snare and a delusion”
which will increase taxes for farmers**

Washington, DC – North Dakota Senator Kent Conrad, D-ND, today joined farmers from North Dakota and around the country in urging Congress to pass meaningful estate tax reform. Conrad stressed the importance of reform, noting that he and the farmers do not support a House-passed estate tax repeal bill that he says not only fails to protect family farms, but will actually raise taxes for farmers.

“In its rush to repeal the estate tax, House Republicans have passed a poorly crafted bill that is short on relief and long on pain for our farmers and ranchers,” said Conrad. “The Republican repeal plan is really a ‘snare and a delusion’ as it would unwittingly trap farmers into paying higher taxes. Under the House bill, repeal not only would be delayed for most farmers, but once the repeal is in place, farmers would get hit with a new capital gains tax that would be more onerous than the existing estate tax.”

At a press conference at the U.S. Capitol, Conrad was joined by the National Farmers Union, an agricultural economist, farmers and Senator Byron Dorgan, D-ND, in denouncing the House bill (H.R. 8) and calling instead for real reform of the estate tax.

“I want to ensure that hard-working family farmers can pass their farms onto their children without an undue tax burden,” said Conrad. “We can protect virtually every family farm by reforming the estate tax. By raising the current \$675,000 exemption to \$2 million for an individual, \$4 million for couples and \$8 million for farms, few if any family farms would be subject to the estate tax.”

Conrad noted that most Americans, and in fact most farmers, will never pay an estate tax. In fact, fewer than two percent of all estates are subject to any estate tax at all. And, the largest five percent of those – estates with assets exceeding \$5 million – pay nearly half of all estate taxes. Conrad favors reforming the estate tax so that the few family farms that do have to pay the tax aren’t unduly burdened – or at worst sold – in order to meet their tax obligation.

- MORE -

- PAGE 2 -

Conrad said H.R. 8 clearly was not written to help family farmers. He cited three major problems.

First, the proposal would require smaller estates, including many family farms and small businesses, to keep paying the estate tax through 2010. In short, it would not release a single family farm from estate taxation for the balance of this decade.

Second, H.R. 8 is upside down. Instead of providing early relief to smaller estates, it would provide immediate help for the wealthiest of estates. None of these estates would include working farms – the farmers and ranchers who need the most help

Finally, H.R. 8 would change the general rule for inherited assets from the current ‘stepped up basis,’ in which the inheritance is valued at its current market value, to ‘carryover basis,’ where the heirs will have to account for all gains from the original time of purchase. This new capital gains tax would leave many heirs much worse off than they would be under current law.

“We can do better than the House-passed bill,” proclaimed Conrad. “We can and must provide immediate estate tax relief to the people who need it most – the family farmers and ranchers who are just above the estate tax threshold. We can provide this relief through real reform by raising the exemption immediately which will protect family farmers. Repeal, as passed by the House, delays relief and offers false hopes and promises to farmers seeking help now.”

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